

**INDUSTRY INFRASTRUCTURE**
**CMP (as on 8 Feb 2019) Rs 335**
**Target Price Rs 833**

Nifty 10,944

Sensex 36,546

**KEY STOCK DATA**

Bloomberg DBL IN

No. of Shares (mn) 137

MCap (Rs bn) / (\$ mn) 46/643

5m avg traded value (Rs mn) 175

**STOCK PERFORMANCE (%)**
**52 Week high / low Rs 1,248/312**

3M 6M 12M

Absolute (%) (19.9) (60.2) (63.3)

Relative (%) (23.6) (56.7) (69.5)

**SHAREHOLDING PATTERN (%)**

Promoters 75.63

FIs &amp; Local MFs 6.41

FPIs 9.19

Public &amp; Others 8.77

Source : BSE

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## Strong comeback

DBL posted strong 3QFY19 Rev/EBITDA/APAT of Rs 24.9/4.4/2.1bn (+6/7/14% beat) despite only ~Rs. 100bn of the order book effectively being under execution. EBIDTA margins came in line at 17.7%. With 80-IA projects still contributing significantly, DBL reported a 6% effective tax rate.

During 3QFY19, DBL added Rs 18bn worth of orders (spanning across irrigation, metro and mining as NHA awarding remained muted). Order book is Rs 231bn (Roads/Mining 81/14.4%). DBL expects to add ~Rs 30-40bn inflows incrementally in 4QFY19E (targeting ~Rs 300bn of NHA EPC orders before the code of conduct becomes effective).

After already lowering the FY19E guidance by 5%, DBL now remains confident of achieving ~Rs 94-95/115bn revenue in FY19/20E respectively. While DBL will prefer EPC over HAMs in roads, it will continue to look at less capex intensive projects like micro irrigation, Dams and Metro projects. We maintain BUY with reduced TP of Rs 833/sh (13.5x Dec-20E EPS and BOT at 1x equity invested).

### Financial Summary (Standalone)

Year Ending March (Rs mn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)	FY18	FY19E	FY20E	FY21E
Net Sales	24,872	19,421	28.1	16,237	53.2	76,153	92,424	111,099	116,318
EBITDA	4,407	3,447	27.9	2,815	56.6	12,722	16,174	19,109	19,774
APAT	2,069	1,646	25.7	832	148.7	6,356	7,943	7,817	7,380
Diluted EPS (Rs)	15.1	12.0	25.7	6.1	148.7	46.5	58.1	57.2	54.0
P/E (x)						7.2	5.8	5.9	6.2
EV / EBITDA (x)						5.8	4.6	4.0	3.9
RoE (%)						29.5	27.8	21.5	16.8

Source: Company, HDFC sec Inst Research

### Highlights of the quarter

- HAM projects delayed:** Out of the 12 HAMs, FC for 11 has already been achieved (in-principle for the remaining 1). While appointed dates have come for 4 projects, 2 more are expected in 4QFY19E and the remaining will get pushed forward to 1QFY20E (with average 60-75% 3H land acquisition).
- Net D/E FY19/20E guidance at 1/0.8x, showing signs of having peaked:** DBL has managed to contain net debt to ~34-35bn after a sharp rise in 2QFY19 had sparked some concerns. With ~Rs 8/11bn advances to be received in 4QFY19E/1QFY20E, DBL has guided for debt reduction by ~Rs 2bn. Shrem balance receipt of Rs 0.7/2.4/2.1bn expected over the next 3 quarters.
- Near-term outlook:** Even though the newer HAMs are facing some challenges before moving into execution, DBL continues to demonstrate its superior execution capabilities on its existing projects (with ~Rs 500mn bonus expected on the Lucknow Sultanpur stretch, ~8months before time). We remain constructive.

**DBL posted strong 3QFY19  
Rev/EBITDA/APAT of Rs  
24.9/4.4/2.1bn (+28/28/26%  
YoY)**

**EBITDA: Rs 4.4bn (+28% YoY,  
+57% QoQ, 7% beat)**

**EBIDTA Margin was in line at  
17.7%**

**With 80-IA projects still  
contributing significantly with  
the delayed start of newer  
projects, DBL reported a 6%  
effective tax rate**

**APAT: Rs 2.1bn (+26% YoY,  
+149% QoQ, 14% beat)**

### Standalone Quarterly Financial (Rs mn)

Particulars (Rs mn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
<b>Net Revenues</b>	<b>24,872</b>	<b>19,421</b>	<b>28.1</b>	<b>16,237</b>	<b>53.2</b>	<b>65,472</b>	<b>51,880</b>	<b>26.2</b>
Material Expenses	19,417	14,938	30.0	12,464	55.8	50,963	39,954	27.6
Employee Expenses	447	349	28.1	408	9.6	1,714	1,583	8.3
Other Expenses	601	687	(12.5)	550	9.3	1,246	1,041	19.7
<b>EBITDA</b>	<b>4,407</b>	<b>3,447</b>	<b>27.9</b>	<b>2,815</b>	<b>56.6</b>	<b>11,549</b>	<b>9,302</b>	<b>24.2</b>
Depreciation	805	698	15.3	773	4.1	2,332	2,025	15.2
<b>EBIT</b>	<b>3,603</b>	<b>2,749</b>	<b>31.1</b>	<b>2,042</b>	<b>76.4</b>	<b>9,217</b>	<b>7,278</b>	<b>26.6</b>
Interest Cost	1,444	1,168	23.6	1,216	18.8	3,871	3,385	14.4
Other Income (Inc EO Items)	54	56	(3.6)	128	(57.8)	273	114	140.0
<b>PBT</b>	<b>2,213</b>	<b>1,637</b>	<b>35.2</b>	<b>954</b>	<b>132.0</b>	<b>5,620</b>	<b>4,007</b>	<b>40.2</b>
Tax	144	(9)	(1700.0)	122	18.0	170	(21)	(894.9)
<b>RPAT</b>	<b>2,069</b>	<b>1,646</b>	<b>25.7</b>	<b>832</b>	<b>148.7</b>	<b>5,450</b>	<b>4,028</b>	<b>35.3</b>
EO Items	-	-	0.0	-	0.0	-	-	0.0
<b>APAT</b>	<b>2,069</b>	<b>1,646</b>	<b>25.7</b>	<b>832</b>	<b>148.7</b>	<b>5,450</b>	<b>4,028</b>	<b>35.3</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

MARGIN ANALYSIS	3QFY19	3QFY18	YoY (bps)	2QFY19	QoQ (bps)	9MFY19	9MFY18	YoY (%)
Material Expenses % Net Sales	78.1	76.9	115.0	76.8	130.4	77.8	77.0	82.7
Employee Expenses % Net Sales	1.8	1.8	0.0	2.5	(71.6)	2.6	3.1	(43.3)
Other Operating Expenses % Net Sales	2.4	3.5	(112.1)	3.4	(97.1)	1.9	2.0	(10.3)
<b>EBITDA Margin (%)</b>	<b>17.7</b>	<b>17.7</b>	<b>(2.9)</b>	<b>17.3</b>	<b>38.3</b>	<b>17.6</b>	<b>17.9</b>	<b>(29.1)</b>
Tax Rate (%)	6.5	(0.5)	705.7	12.8	(628.1)	3.0	(0.5)	355.5
APAT Margin (%)	8.3	8.5	(15.7)	5.1	319.4	8.3	7.8	55.9

Source: Company, HDFC sec Inst Research

**Roads contribute ~82% to the 3QFY19 order backlog**

**Mining contribution has been increasing recently with additions of both MDO and OB Removal projects**

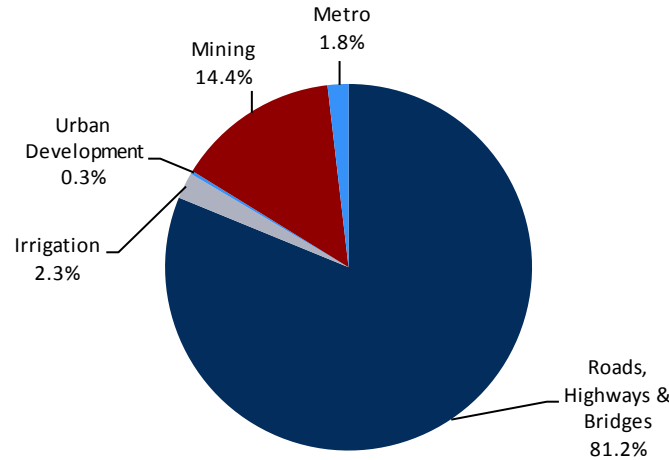
**3QFY19 order book is Rs 231bn with Rs 18bn new order wins during 3QFY19**

**13% of the order book is from MP (DBL's home state)**

**26% of the backlog is concentrated in Maharashtra and 20% in Karnataka**

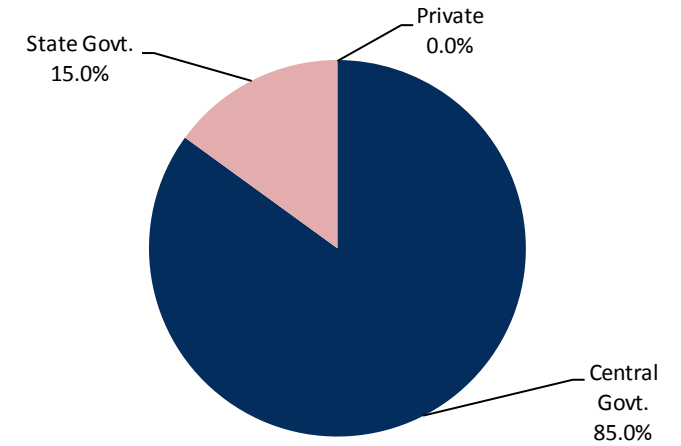
**Central Government projects contribute 91% where as state projects contribute 9% to the order book**

**Order Book By Sector: 3QFY19 (%)**



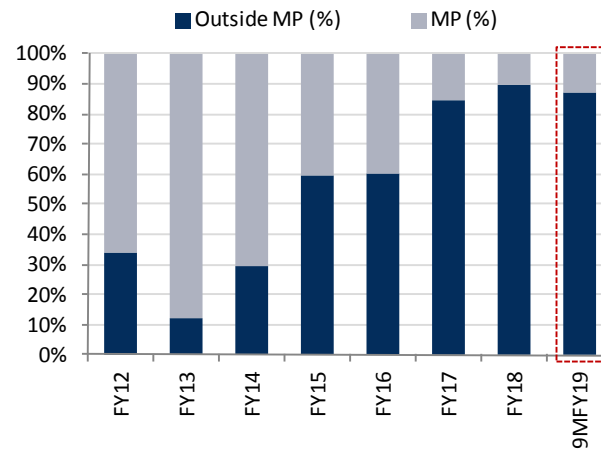
Source: Company, HDFC sec Inst Research

**Order Book By Clientele: 3QFY19 (%)**



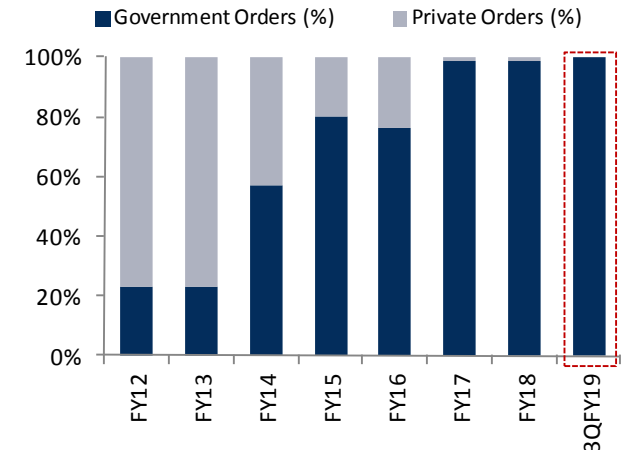
Source: Company, HDFC sec Inst Research

**Share Of Orders Outside MP (%)**



Source: Company, HDFC sec Inst Research

**Changing Composition Of Order Book (%)**



Source: Company, HDFC sec Inst Research

*Expect DBL to continue to replenish its backlog with NHA bidding of ~Rs 300-400bn likely to get awarded before the election freeze*

*Expect margins to remain stable around 17-17.5%*

*Tax rate assumed at 6% for FY19E and 30% for FY20-21E as the newer projects won't have 80IA benefit*

## Key Assumptions & Estimates

Key Assumptions	FY19E	FY20E	FY21E	Comments
Closing order book	296,074	325,972	312,582	
Order book growth (%)	16.5	10.1	(4.1)	
New order booking	134,284	140,999	102,929	Expect DBL to continue to replenish its backlog with NHA bidding of ~Rs 300-400bn likely to get awarded before the election freeze
Book to bill ratio	3.2	2.9	2.7	Book-to-bill ratio to remain comfortable
<b>Total Revenue</b>	<b>92,424</b>	<b>111,099</b>	<b>116,318</b>	<b>20.0% revenue growth in FY20E</b>
Growth (%)	21.4	20.2	4.7	
<b>EBIDTA</b>	<b>16,174</b>	<b>19,109</b>	<b>19,774</b>	
<b>EBIDTA margin (%)</b>	<b>17.5</b>	<b>17.2</b>	<b>17.0</b>	<b>Expect margins to remain stable</b>
Depreciation	3,302	3,711	4,006	
Financial Charges	5,325	5,863	6,076	Expect finance cost to be stable as debt increase will be limited
Other Income (Including EO Items)	903	1,632	850	This includes early completion bonus
<b>PBT</b>	<b>8,450</b>	<b>11,168</b>	<b>10,543</b>	
<b>PBT margin (%)</b>	<b>9.1</b>	<b>10.1</b>	<b>9.1</b>	
Tax	507	3,350	3,163	
Tax rate (%)	6.0	30.0	30.0	Tax rate assumed at 6% for FY19E and 30% for FY20-21E as the newer projects won't have 80IA benefit
<b>APAT</b>	<b>7,943</b>	<b>7,817</b>	<b>7,380</b>	
<b>Net margin (%)</b>	<b>8.6</b>	<b>7.0</b>	<b>6.3</b>	<b>APAT margins to decline on account of higher tax rate</b>
Gross Block Turnover	2.7	3.1	3.0	
NWC Days	141.1	135.2	142.1	NWC cycle to improve as debtor collection improves and strict control exercised on inventory
Cash flow from operations	8,007	9,126	11,957	<b>Higher profitability coupled with ease in NWC to drive robust cash flow generation</b>
Capex	(5,143)	(2,000)	(3,500)	Capex to be limited to roads segment only
Free cash flows	2,864	7,126	8,457	
Cash flow from investments	(4,024)	(5,168)	(5,650)	
Debt issuance	3,000	-	150	Debt to remain under control over FY20-21E
Cash flow from financing	(2,325)	(5,863)	(5,926)	
Total change in cash - a+b+c	1,657	(1,904)	381	

Source: HDFC sec Inst Research

**We value standalone EPC business at Rs 538/share (13.5x one-year forward Dec-20E EPS)**

**Discount largely on account of concerns pertaining to standalone debt and delay in receiving appointed dates**

**BOT assets at Rs 86/share (At 1x P/BV(x) of expected invested equity as at FY20E)**

**We arrive at SOTP based TP of Rs 833/sh earlier**

## Outlook and valuation

### Maintain BUY – Target Price to Rs 833/Sh

- Valuation methodology:** We have valued DBL at 25% discount (13.5) to average peer target P/E of 18x Dec-20E EPS. Discount largely on account of concerns pertaining to standalone debt and delay in receiving appointed dates. Our investment premise is based on (1) Robust order book of Rs 231bn spread across Roads, mining & Urban (2) Significant ramp up in execution with 12% revenue CAGR over FY19-21E (3) Above-average EBIDTA margins ~17-17.5%, (4) Regular early completion bonuses expected (~Rs 2.5bn guided in the under execution projects) and (5) BOT asset monetisation, which makes DBL a pure-play EPC company.
- Further expansion in multiples is premised on robust execution and debt stabilization from the current level of Rs 34.5bn to <Rs 30bn by Mar-20E.
- Investments in the Roads, Mining, Irrigation and Urban infra sectors would continue to drive the stock's performance. DBL, with strong credentials, is likely to benefit from the pick-up in ordering activity.
- We value standalone EPC business at Rs 739/sh (13.5x Dec-20E EPS), and BOT assets at Rs 86/share (At 1x P/BV(x) of expected invested equity as at FY20E). We arrive at a SOTP-based target price of Rs 833/share. We maintain BUY

### SOTP Valuation

Particulars	Segments	Value (Rs mn)	Value per share (Rs)	Rationale
Standalone	Core construction business	10,105	739	At 13.5x Dec-20E EPS at ~25% discount to peers viz. Ashoka, KNR, Sadbhav etc.
BOT Assets	BOT/ HAM Investment	12,814	94	At 1x P/BV(x) of expected invested equity as at FY20E
<b>Total</b>		<b>113,919</b>	<b>833</b>	

Source: HDFC sec Inst Research

**Peer Set Comparison: Core EPC**

COMPANY	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Adj. EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
NCC	47.5	79	BUY	175	8.0	8.8	9.3	8.8	7.9	7.5	5.1	4.6	4.3	10.8	10.8	10.3
<b>Dilip Buildcon</b>	<b>45.8</b>	<b>335</b>	<b>BUY</b>	<b>833</b>	<b>58.1</b>	<b>57.2</b>	<b>54.0</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>3.9</b>	<b>3.4</b>	<b>3.1</b>	<b>27.8</b>	<b>21.5</b>	<b>16.8</b>
Sadbhav Engineering	31.9	186	BUY	449	16.0	16.9	18.8	4.2	3.9	3.5	4.9	3.9	3.4	13.0	12.1	12.0
PNC Infratech	36.7	143	BUY	312	8.7	13.9	14.1	10.3	6.4	5.9	6.2	4.3	3.7	11.6	16.0	14.1
Ashoka Buildcon	32.3	115	BUY	262	10.2	10.4	10.6	4.2	4.2	3.8	4.0	3.5	3.1	14.0	12.6	11.6
KNR Constructions	29.1	207	BUY	336	11.6	15.0	15.4	12.7	9.8	9.5	6.0	4.7	4.0	13.0	14.3	12.8
Ahluwalia Contracts	18.0	268	BUY	487	21.1	25.1	26.8	12.1	10.2	9.5	5.9	4.8	4.2	20.4	19.9	17.7
ITD Cementation *	18.4	107	BUY	188	8.3	10.5	10.4	12.9	10.2	10.3	6.1	6.0	5.7	16.7	15.3	13.2
Capacite Infra	13.9	205	BUY	352	15.1	18.2	24.1	11.7	10.6	8.0	5.0	4.0	3.1	12.9	13.8	15.9
PSP Projects	14.0	388	BUY	608	24.0	32.0	34.3	16.2	12.1	11.3	9.2	6.6	5.7	25.6	27.4	23.8
JMC Projects	15.4	92	BUY	175	7.4	8.1	8.4	9.1	8.3	7.9	5.4	4.7	4.3	14.6	13.9	12.8
HG Infra	12.3	189	BUY	408	20.1	25.6	26.7	8.8	6.9	6.3	4.3	3.5	3.2	21.6	22.1	18.8
J. Kumar Infraprojects	9.5	125	BUY	298	20.3	23.7	25.2	6.2	5.3	5.0	3.5	3.0	2.8	9.8	10.6	10.4
<b>Average</b>					<b>16.3</b>	<b>18.9</b>	<b>19.9</b>	<b>8.7</b>	<b>7.1</b>	<b>6.6</b>	<b>4.9</b>	<b>4.1</b>	<b>3.6</b>	<b>15.1</b>	<b>15.0</b>	<b>13.6</b>

Source: Company, HDFC sec Inst Research \*ITD Cementation FY19E/FY20E should be read as 15MFY19E/FY20E

*We have made minor adjustments to factor in the lower tax outgo in FY19E (6% effective tax vs. 15% earlier)*

*We have factored in the early completion bonuses increasing in FY20E as projects near completion*

**Change in Estimate**

Rs mn	FY19E New	FY19E Old	% Change	FY20E New	FY20E Old	% Change
Revenues	92,424	92,424	-	111,099	111,099	-
<b>EBIDTA</b>	<b>16,174</b>	16,174	-	<b>19,109</b>	18,887	1.2
EBIDTA Margins (%)	17.5	17.5	(0.0)	17.2	17	1.2
<b>APAT</b>	<b>7,943</b>	7,183	10.6	<b>7,817</b>	7,119	9.8
Adj. EPS (INR)	58.08	52.5	10.6	57.16	52.1	9.8

Source: HDFC sec Inst Research

**Income Statement (Standalone)**

Y/E-Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net Revenues</b>	<b>49,916</b>	<b>76,153</b>	<b>92,424</b>	<b>111,099</b>	<b>116,318</b>
<b>Growth (%)</b>	<b>24.2</b>	<b>52.6</b>	<b>21.4</b>	<b>20.2</b>	<b>4.7</b>
Material Expenses	37,930	60,079	72,091	86,658	90,728
Employee Expenses	1,025	1,524	2,218	2,555	2,675
Other Expenses	2,099	1,827	1,941	2,777	3,141
<b>EBIDTA</b>	<b>8,863</b>	<b>12,722</b>	<b>16,174</b>	<b>19,109</b>	<b>19,774</b>
<b>EBIDTA (%)</b>	<b>17.8</b>	<b>16.7</b>	<b>17.5</b>	<b>17.2</b>	<b>17.0</b>
<b>EBIDTA Growth (%)</b>	<b>21.1</b>	<b>43.5</b>	<b>27.1</b>	<b>18.1</b>	<b>3.5</b>
Depreciation	2,274	2,750	3,302	3,711	4,006
<b>EBIT</b>	<b>6,589</b>	<b>9,973</b>	<b>12,872</b>	<b>15,398</b>	<b>15,768</b>
Other Income (Incl EO Items+bonus)	1,175	1,309	903	1,632	850
Interest	4,162	4,644	5,325	5,863	6,076
<b>PBT</b>	<b>3,601</b>	<b>6,637</b>	<b>8,450</b>	<b>11,168</b>	<b>10,543</b>
Tax	(9)	434	507	3,350	3,163
<b>RPAT</b>	<b>3,610</b>	<b>6,204</b>	<b>7,943</b>	<b>7,817</b>	<b>7,380</b>
EO (Loss) / Profit (Net Of Tax)	2	152	-	-	-
<b>APAT</b>	<b>3,612</b>	<b>6,356</b>	<b>7,943</b>	<b>7,817</b>	<b>7,380</b>
<b>APAT Growth (%)</b>	<b>63.8</b>	<b>76.0</b>	<b>25.0</b>	<b>(1.6)</b>	<b>(5.6)</b>
<b>Adj. EPS</b>	<b>26.4</b>	<b>46.5</b>	<b>58.1</b>	<b>57.2</b>	<b>54.0</b>
<b>Adj. EPS Growth (%)</b>	<b>63.8</b>	<b>76.0</b>	<b>25.0</b>	<b>(1.6)</b>	<b>(5.6)</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet (Standalone)**

Y/E-Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital	1,368	1,368	1,368	1,368	1,368
Reserves	17,161	23,203	31,146	38,963	46,343
<b>Total Shareholders Funds</b>	<b>18,529</b>	<b>24,570</b>	<b>32,514</b>	<b>40,331</b>	<b>47,711</b>
Long Term Debt	9,903	12,269	12,269	12,269	12,269
Short Term Debt	15,731	17,280	20,280	20,280	20,430
<b>Total Debt</b>	<b>25,634</b>	<b>29,549</b>	<b>32,549</b>	<b>32,549</b>	<b>32,699</b>
Deferred Taxes	759	1,067	1,067	1,067	1,067
Other Non Current Liabilities	4,158	10,590	11,712	14,055	16,866
<b>TOTAL SOURCES OF FUNDS</b>	<b>49,080</b>	<b>65,777</b>	<b>77,842</b>	<b>88,002</b>	<b>98,343</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	16,825	18,319	20,161	18,449	17,944
Investments	6,808	8,230	8,014	12,814	15,814
Other Non Current Assets	4,707	8,432	10,663	14,212	17,551
<b>Total Non-current Assets</b>	<b>28,340</b>	<b>34,981</b>	<b>38,837</b>	<b>45,476</b>	<b>51,309</b>
Inventories	16,639	20,262	21,523	24,351	26,450
Debtors	10,165	16,041	16,459	19,785	20,714
Cash & Equivalents	1,137	1,613	3,271	1,367	1,748
Loans & Advances	2,479	131	2,026	1,522	2,231
Other Current Assets	7,734	17,704	21,017	24,046	26,450
<b>Total Current Assets</b>	<b>38,153</b>	<b>55,751</b>	<b>64,296</b>	<b>71,071</b>	<b>77,594</b>
Creditors	8,886	15,078	18,149	20,694	21,930
Other Current Liabilities	8,223	9,777	7,037	7,741	8,515
Short Term Provisions	304	100	104	110	115
<b>Total Current Liabilities &amp; Provns</b>	<b>17,413</b>	<b>24,955</b>	<b>25,291</b>	<b>28,544</b>	<b>30,560</b>
<b>Net Current Assets</b>	<b>20,740</b>	<b>30,796</b>	<b>39,005</b>	<b>42,526</b>	<b>47,035</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>49,080</b>	<b>65,777</b>	<b>77,842</b>	<b>88,002</b>	<b>98,343</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Standalone)**

Y/E-Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	3,601	6,637	8,450	11,168	10,543
Non-operating & EO items	302	(226)	(903)	(1,632)	(850)
Interest expenses	4,162	4,644	5,325	5,863	6,076
Depreciation	2,274	2,750	3,302	3,711	4,006
Working Capital Change	(2,966)	(8,110)	(7,660)	(6,632)	(4,654)
Taxes	(835)	(1,504)	(507)	(3,350)	(3,163)
<b>OPERATING CASH FLOW ( a )</b>	<b>6,537</b>	<b>4,192</b>	<b>8,007</b>	<b>9,126</b>	<b>11,957</b>
Capex	(4,884)	(4,242)	(5,143)	(2,000)	(3,500)
<i>Free cash flow (FCF)</i>	<i>1,653</i>	<i>(50)</i>	<i>2,864</i>	<i>7,126</i>	<i>8,457</i>
Investments	(1,797)	(442)	216	(4,800)	(3,000)
Other Income + E.O Items	90	125	903	1,632	850
<b>INVESTING CASH FLOW ( b )</b>	<b>(6,592)</b>	<b>(4,559)</b>	<b>(4,024)</b>	<b>(5,168)</b>	<b>(5,650)</b>
Share capital Issuance	4,300	-	-	-	-
Debt Issuance	(5)	5,650	3,000	-	150
Interest expenses	(4,162)	(4,641)	(5,325)	(5,863)	(6,076)
<i>FCFE</i>	<i>(2,515)</i>	<i>959</i>	<i>538</i>	<i>1,264</i>	<i>2,531</i>
Dividend	(0)	(165)	-	-	-
<b>FINANCING CASH FLOW ( c )</b>	<b>132</b>	<b>844</b>	<b>(2,325)</b>	<b>(5,863)</b>	<b>(5,926)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>78</b>	<b>477</b>	<b>1,657</b>	<b>(1,904)</b>	<b>381</b>
Non-operating and EO items	-	-	-	-	-
Closing Cash & Equivalents	1,137	1,613	3,271	1,367	1,748

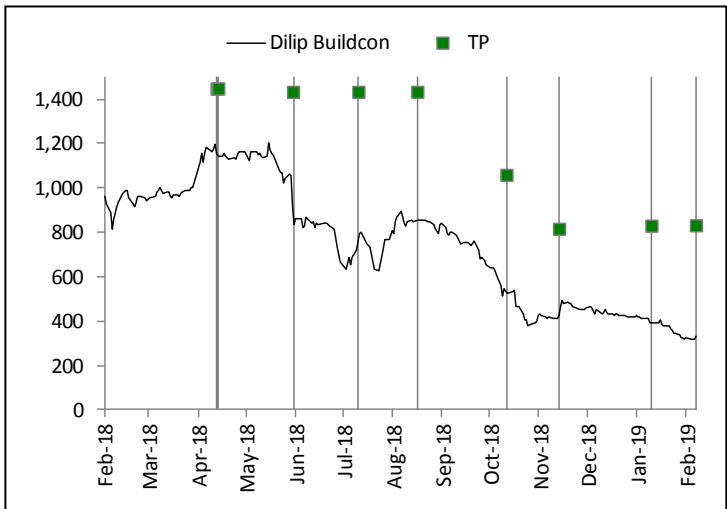
Source: Company, HDFC sec Inst Research

**Key Ratios (Standalone)**

	FY17	FY18	FY19E	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	24.0	21.1	22.0	22.0	22.0
EBITDA Margin	17.8	16.7	17.5	17.2	17.0
EBIT Margin	13.2	13.1	13.9	13.9	13.6
APAT Margin	7.2	8.3	8.6	7.0	6.3
RoE	24.8	29.5	27.8	21.5	16.8
Core RoCE	18.1	19.2	19.8	15.4	14.3
RoCE	18.2	18.6	18.0	14.4	12.5
<b>EFFICIENCY</b>					
Tax Rate (%)	(0)	7	6	30	30
Asset Turnover (x)	2.1	2.7	2.7	3.1	3.0
<i>Inventory (days)</i>	<i>122</i>	<i>97</i>	<i>85</i>	<i>80</i>	<i>83</i>
<i>Debtors (days)</i>	<i>74</i>	<i>77</i>	<i>65</i>	<i>65</i>	<i>65</i>
<i>Loans &amp; Advances (days)</i>	<i>18</i>	<i>1</i>	<i>8</i>	<i>5</i>	<i>7</i>
<i>Other Current Assets (days)</i>	<i>57</i>	<i>85</i>	<i>83</i>	<i>79</i>	<i>83</i>
<i>Payables (days)</i>	<i>65</i>	<i>72</i>	<i>72</i>	<i>68</i>	<i>69</i>
<i>Other Current Liabilities &amp; Provsns (days)</i>	<i>62</i>	<i>47</i>	<i>28</i>	<i>26</i>	<i>27</i>
<b><i>NWC Cycle (days)</i></b>	<b><i>143</i></b>	<b><i>140</i></b>	<b><i>141</i></b>	<b><i>135</i></b>	<b><i>142</i></b>
Debt/EBITDA (x)	2.9	2.3	2.0	1.7	1.7
Net D/E	1.3	1.1	0.9	0.8	0.6
Interest Coverage	1.6	2.1	2.4	2.6	2.6
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	26.4	46.5	58.1	57.2	54.0
CEPS (Rs/sh)	43.0	66.6	82.2	84.3	83.2
DPS (Rs/sh)	1.0	1.0	1.0	1.0	1.0
BV (Rs/sh)	135.5	179.6	237.7	294.9	348.8
<b>VALUATION</b>					
P/E	12.7	7.2	5.8	5.9	6.2
P/BV	2.5	1.9	1.4	1.1	1.0
EV/EBITDA	7.9	5.8	4.6	4.0	3.9
EV/Net Revenues	1.4	1.0	0.8	0.7	0.7
OCF/EV (%)	9.3	5.7	10.7	11.9	15.6
FCF/EV (%)	2.4	(0.1)	3.8	9.3	11.0
FCFE/Market Cap (%)	(5.5)	2.1	1.2	2.8	5.5
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.3

Source: Company, HDFC sec Inst Research



**RECOMMENDATION HISTORY**


Date	CMP	Reco	Target
12-Apr-18	1,154	BUY	1,449
14-Apr-18	1,141	BUY	1,449
30-May-18	918	BUY	1,434
10-Jul-18	722	BUY	1,434
16-Aug-18	847	BUY	1,434
11-Oct-18	548	BUY	1,060
14-Nov-18	427	BUY	817
10-Jan-19	393	BUY	831
9-Feb-19	335	BUY	833

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- BUY** : Where the stock is expected to deliver more than 10% returns over the next 12 month period  
**NEUTRAL** : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period  
**SELL** : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

**INSTITUTIONAL RESEARCH**
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